

Message Text

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44

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

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R 091239Z MAR 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2299

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FOR EXIM

3.O. 11652: N/A

TAGS: EFIN, VE

SUBJ: CVF GUARANTEE FOR GENERATORS PURCHASED BY ENERGIA

ELECTRICA DE VENEZUELA C.A. ENELVEN

REF: SIMONINI/MILLS TELECON FEBRUARY 4, 1976

1. STATUS OF CORPORACION VENEZOLANA DE FOMENTO (CVF) GURANTEE ON LOAN FOR PURCHASE OF GENERATORS BY ENERGIA ELECTRICA DE VENEZUELA C.A., MARCAIBO, VENEZUELA IS DESCRIBED BELOW. INFORMATION HAS BEEN OBTAINED FROM THE LEGAL ADVISOR OFFICE OF CVF AND MR. MARTIN BURMEISTER OF ENELVEN.

2. EMBASSY INFORMED SUBJECT GURANTEE HAD ALREADY BEEN APPROVED BY BOTH THE BOARD OF DIRECTORS OF CVF AND THE NATIONAL COUNCIL OF MINISTERS. HOWEVER, IT ORIGINALLY INCLUDED A CLAUSE REQUESTING THAT LOAN PAYMENTS BE UNDER THE CONTROL OF CVF AND THIS CLAUSE WAS NOT ACCEPTED BY ENELVEN, AS DIRECT CONTROL OVER THESE PAYMENTS WOULD BE IMPOSSIBLE CONSIDERING THAT PAYMENTS WILL BE MADE ABROAD. ENELVEN'S VIEWPOINT HAS BEEN ACCEPTED, BUT THE GUARANTEE WILL HAVE TO BE MODIFIED AND APPROVED AS AMENDED BY THE CVF BOARD OF DIRECTORS AND THE COUNCIL OF MINISTERS. IT IS EXPECTED THAT THE GURANTEE WILL BE APPROVED

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BY CVF'S PRESIDENT WITHIN THE NEXT THREE WEEKS.

3. THE ABNORMAL DELAY IN OBTAINING THIS GUARANTEE HAS NOT BEEN PROVOKED BY ENELVEN'S REACTION TO ABOVE MENTIONED SPECIAL CLAUSE, BUT MORE BY PUBLIC CRITICISMS MADE BY THE VENEZUELAN COMPTROLLER GENERAL AND OPPOSITION PARTIES OF CVF GURANTEES GIVEN IN THE PAST, WHICH HAVE MADE CFV ESPECIALLY CAUTIOUS WITH NEW GUARANTEES. ALSO, CVF'S ADMINISTRATIVE PROBLEMS HAVE RESULTED IN REPLACEMENT OF THE PRESIDENT, BOARD OF DIRECTORS AND UPPER MANAGEMENT, WHICH CHANGES DELAYED ALL NORMAL ACTIVITIES.

4. ENELVEN HAS ALREADY RECEIVED THE GENERATORS AND IS PREPARING TO INSTALL THEM. AS THE SUBJECT GUARANTEE IS ALREADY APPROVED BY CVF'S BOARD AND THE COUNCIL OF MINISTERS, AND ONLY MODIFICATION OF THE GUARANTEE CONTRACT IS DELAYING THE FINAL DELIVERY, IT IS SUGGESTED THAT EXIMBANK EXTEND EXPORT GUARANTEE AUTHORITY THROUGH MARCH 1976.
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Message Attributes

Automatic Decaptioning: X
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Margaret P. Grafeld
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